

Filing at a Glance

Company: OneBeacon Insurance Company

Product Name: OBIC-OL-MC-AR-07-01-R

TOI: 17.1 Other Liability - Claims Made Only

Sub-TOI: 17.1019 Professional Errors &

Omissions Liability

Filing Type: Rate

SERFF Tr Num: PERR-125198564 State: Arkansas

SERFF Status: Closed

State Tr Num: AR-PC-07-025274

Co Tr Num: OBIC-OL-MC-AR-07-01-R

State Status:

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts

Authors: Ines Piquet, Thomas Yoo

Disposition Date: 07-12-2007

Date Submitted: 06-26-2007

Disposition Status: Filed

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

General Information

Project Name: OBIC-OL-MC-AR-07-01-R

Project Number: OBIC-OL-MC-AR-07-01-R

Status of Filing in Domicile: Pending

Domicile Status Comments: Submitted concurrently.

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07-12-2007

State Status Changed: 06-29-2007

Deemer Date:

Corresponding Filing Tracking Number: OBIC-OL-MC-AR-07-01-F

Filing Description:

On behalf of OneBeacon Insurance Company (the Company), we are submitting this filing to introduce the Managed Care E&O program in your jurisdiction. Please see the enclosed memorandum for additional details.

Please note that the corresponding form filing is being submitted concurrently under filing number OBIC-OL-MC-AR-07-01-F.

The Company respectfully requests that the proposed rates and rules be implemented for all policies effective on and after the earliest date upon approval/acknowledgement for new and renewal business.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the rates and rules contained in this filing along with the explanatory memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Thomas Yoo, State Filings Project Coordinator

881 Alma Real Drive, Suite 205

(888) 201-5123 [Phone]

Pacific Palisades, CA 90272

() -[FAX]

Filing Company Information

OneBeacon Insurance Company

CoCode: 21970

State of Domicile: Pennsylvania

44 Whippany Road

Group Code: 1129

Company Type:

Morristown, NJ 07962

Group Name:

State ID Number:

(310) 230-9339 ext. [Phone]

FEIN Number: 23-1502700

Filing Fees

Fee Required? Yes

Fee Amount: \$100.00

Retaliatory? No

Fee Explanation:

Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
100701	\$100.00	06-20-2007

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	07-12-2007	07-12-2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Edith Roberts	07-09-2007	07-09-2007	Thomas Yoo	07-11-2007	07-11-2007
Industry						
Response						

Disposition

Disposition Date: 07-12-2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
OneBeacon Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Exhibits/Letter of Authorization/Memorandum	Filed	Yes
Rate <i>(revised)</i>	Rating Rule Page	Filed	No
Rate	Rating Rule Page	Filed	No

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07-09-2007

Submitted Date 07-09-2007

Dear Thomas Yoo,

This will acknowledge receipt of the captioned filing.

We acknowledge that you wish to "a" rate this coverage. Please be advised that "A" rates are permissible with a accompanying rule that states that each risk will be submitted to the Department as an individual risk filing.

Please add this rule and I will be able to stamp "Filed."

Thanks.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 07-11-2007

Submitted Date 07-11-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: Please see the revised manual page per your request.

No Supporting Documents have changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
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Rating Rule Page	AR-MC-1	New	
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Sincerely,

Ines Piquet, Thomas Yoo

Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	N/A, new program

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
OneBeacon Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Rating Rule Page	AR-MC-1	New	AR OBIC - A Rate Manual Page.pdf

Managed Care Errors and Omissions
ONEBEACON INSURANCE COMPANY

ARKANSAS

Rating Rule Page

1. The rates for this program will be promulgated on an "A" rate basis.
2. Each risk written under this program will be submitted to the Arkansas Insurance Department as an individual risk filing.

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document- Property & Casualty	Review Status: Filed	07-12-2007
Comments:			
Attachments:			
Rate PCTD.pdf			
RRFS.pdf			
Bypassed -Name:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status: Filed	07-12-2007
Bypass Reason:	N/A		
Comments:			
Bypassed -Name:	NAIC loss cost data entry document	Review Status: Filed	07-12-2007
Bypass Reason:	N/A		
Comments:			
Satisfied -Name:	Exhibits/Letter of Authorization/Memorandum	Review Status: Filed	07-12-2007
Comments:			
Attachments:			
LOA.pdf			
Standard Rates Memo OBIC.pdf			
OneBeacon ROE_CW 2006.pdf			

Property & Casualty Transmittal Document

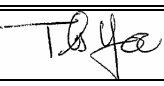
1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
White Mountains Insurance Group	1129

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
OneBeacon Insurance Company	PA	21970	23-1502700	

5. Company Tracking Number	OBIC-OL-MC-AR-07-01-R
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Thomas Yoo 881 Alma Real Drive Suite 205 Pacific Palisades, CA 90272	Filing Analyst	310.230.9339 x151	310.230.8529	doi@perrknight.com
7. Signature of authorized filer				
8. Please print name of authorized filer		Thomas Yoo		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	17.1 Other Liability-Claims Made Only
10. Sub-Type of Insurance (Sub-TOI)	17.1019 Professional Errors and Omissions Liability
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Managed Care Errors and Omissions
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: Upon Approval Renewal: Upon Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	June 26, 2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	OBIC-OL-MC-AR-07-01-R
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of OneBeacon Insurance Company (the "Company"), we are submitting this filing to introduce the Managed Care E&O program in your jurisdiction. Please see the enclosed memorandum for additional details.

Please note that the corresponding form filing is being submitted concurrently under filing number OBIC-OL-MC-AR-07-01-F.

The Company respectfully requests that the proposed rates and rules be implemented for all policies effective on and after the earliest possible date upon acknowledgement or approval for new and renewal business.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the rates and rules contained in this filing along with the explanatory memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p>Check #: 100701 Amount: \$100.00</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	OBIC-OL-MC-AR-07-01-R
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	OBIC-OL-MC-AR-07-01-F
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☐ Rate Increase ☐ Rate Decrease ☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
OneBeacon Insurance Company	N/A, new program	N/A, new program	N/A, new program	N/A, new program	N/A, new program		

4b.	Rate Change by Company (As Accepted) For State Use Only						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)			
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	N/A, new program
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7.	Effective Date of last rate revision	N/A, new program
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A, new program
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	CW-MC-1	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	



Nicholas J. Maglio, VP & Assoc. GC
OneBeacon Professional Partners
860-773-6919
nmaglio@onebeacon.com

May 29, 2007

Re: Authorization for Perr&Knight

To Whom It May Concern:

OneBeacon Professional Partners hereby authorizes Perr&Knight to submit rate, rule, and form filings on behalf of the following companies:

Insurance Company	NAIC Company Code	NAIC Group Code	Federal Employer Identification Number
The Camden Fire Insurance Association	21946	1129	21-0418860
The Employers' Fire Insurance Company	20648	1129	04-1288420
OneBeacon America Insurance Company	20621	1129	04-2475442
OneBeacon Insurance Company	21970	1129	23-1502700
OneBeacon Midwest Insurance Company	42650	1129	04-3131487
Pennsylvania General Insurance Company	21962	1129	23-1471444

This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please contact me if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas J. Maglio".

Nicholas J. Maglio

ONEBEACON INSURANCE COMPANY
MANAGED CARE ERRORS AND OMISSIONS
NEW PROGRAM

RATE FILING MEMORANDUM

On behalf of ONEBEACON INSURANCE COMPANY ("the Company") we are filing to introduce a new Managed Care Errors and Omissions program ("Managed Care program") in your jurisdiction. Managed Care Organizations contract with various health care providers to provide services to selected patients who are referred under the MCO's coverage or fee structure. MCO's include, but are not limited to, Health Maintenance Organizations (HMO's), Preferred Provider Organizations (PPO's) and Independent Physicians Associations (IPA's).

Managed Care Organizations do not directly provide patient care and thus are not subject to liability for malpractice in the same capacity as a physician or a hospital. However, MCO's can be named in malpractice lawsuits and are thus at risk for vicarious liability for malpractice. There is also potential liability for management activities of the entity. These organizations are involved in decisions about delivery of health care and are, therefore, potentially liable when those decisions do not result in a favorable outcome for the patient.

This Managed Care program represents a niche product in a very small marketplace, approximately \$300M in total premiums, with only four primary markets which are written on an excess and surplus lines basis. In addition, due to the nature of managed care field we anticipate that the exposure will be of low frequency but of potentially significant severity. The Company wishes to make this coverage available in the admitted market, however, due to the unique and unpredictable nature of this coverage, the rates will be developed on a refer-to-company basis as addressed in the enclosed manual page.

Exhibits R1 through R5 display the derivation of the projected loss and loss adjustment expense ratio for the new program. Since this is a new program, the proposed expense provisions are based on a combination of OneBeacon Insurance Group data and industry Other Liability data.

OneBeacon Insurance Group
Managed Care E&O

Index of Exhibits

- Exhibit R1: Projected After-Tax Rate of Return
- Exhibit R2: Estimated Investment Earnings on Policyholder Supplied Funds
- Exhibit R3: Premium to Surplus Ratio
- Exhibit R4: Derivation of After-Tax Target Rate of Return of Statutory Surplus
- Exhibit R5: Projected Expense Ratios

OneBeacon Insurance Group
Managed Care E&O

Projected After-Tax Rate of Return

Operating Return

(1) Earned Premium	100.0%
(2) Expected Loss & Loss Adjustment Expenses	78.7%
(3) Commission & Brokerage Fees (Exhibit R5)	11.0%
(4) General & Other Acquisition Expenses (Exhibit R5)	14.0%
(5) Taxes, Licenses & Fees (Exhibit R5)	2.4%
(6) Underwriting Profit Before Federal Income Tax (1) - (2) - (3) - (4) - (5)	-6.1%
(7) Federal Income Tax on Underwriting Profit = (6) x 35%	-2.1%
(8) Underwriting Profit After Federal Income Tax = (6) - (7)	-4.0%
(9) After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	9.9%
(10) After-Tax Return from Insurance Operations = (8) + (9)	6.0%

Total Rate of Return

(11) Premium to Surplus Ratio (Exhibit R3)	1.10:1
(12) After-Tax Investment Income on a Dollar of Surplus (Exhibit R2.3)	5.5%
(13) Total After-Tax Rate of Return on Statutory Surplus = (10)x(11)+(12)	12.0%

OneBeacon Insurance Group
Managed Care E&O

Estimated Investment Earnings on Policyholder Supplied Funds
(\$000)

(A) Unearned Premium Reserve		
(1)	Projected Earned Premium for New Program	1,000
(2)	Mean Unearned Premium Reserve	500
(3)	Percentage Pre-Paid Expense	20.4%
(a)	Commission and Brokerage Fees (Exhibit R5)	11.0%
(b)	50% General & Other Acq. Expenses (Exhibit R5)	7.0%
(c)	Taxes, Licenses & Fees (Exhibit R5)	2.4%
(4)	Deduction for Federal Income Taxes Payable	7.0%
(5)	Total Prepaid Expense = (A.2) x [(A.3) + (A.4)]	137
(6)	Portion Subject to Investment Income = (A.2) - (A.5)	363
(B) Delayed Remission of Premiums		
(1)	Average Agents' Balance as % of Premium	27.4%
(2)	Total Delayed Remission = (A.1) x (B.1)	274
(C) Loss & LAE Reserve		
(1)	Expected Loss & LAE Ratio (Exhibit R1)	78.7%
(2)	Expected Loss & LAE = (A.1) x (C.1)	787
(3)	Reserve to Incurred Ratio	218.9%
(4)	Expected Loss & LAE Reserves = (C.2) x (C.3)	1,722
(D)	Policyholder Funds Subject to Investment Income = (A.6)-(B.2)+(C.4)	1,811
(E)	2006 After Tax Rate of Return	5.5%
(F)	Investment Earnings on Policyholder Supplied Funds = (D) x (E)	99
(G)	After-Tax Investment Income on Policyholder Supplied Funds = (F)/(A.1)	9.9%

OneBeacon Insurance Group
Managed Care E&O

Source Notes for Exhibit R2.1
(\$000)

Line

(A.1)	Projected Earned Premium for New Program	1,000
(A.2)	Mean Unearned Premium Reserve 50% of (A.1)	500
(A.4)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax equals 7% (=20% x 35%).	
(B.1)	Selected Agents' Balances	27.4%
	Company - Calendar Year 2006 Other Liability Agents' Balances	27.2%
	Company - Calendar Year 2005 Other Liability Agents' Balances	27.5%
	2005, 2006 IEEs, Part III, Line(s) 17, Column 22	
(C.3)	(1) CY 2006 Company - Countrywide Other Liability Unpaid Loss & LAE 2006 IEE, Part III, Line(s) 17, Columns 13, 15, 17	1,064,220
	(2) CY 2005 Company - Countrywide Other Liability Unpaid Loss & LAE 2005 IEE, Part III, Line(s) 17, Columns 13, 15, 17	1,183,868
	(3) Average Unpaid Loss & LAE = [(1)+(2)]/2	1,124,044
	(4) CY 2006 Company - Countrywide Other Liability Incurred Loss & LAE 2006 IEE, Part III, Line(s) 17, Columns 7, 9, 11	63,734
	(5) Reserve to Incurred Ratio = (3) / (4)	1763.6%
	(6) Industry Reserve to Incurred Ratio	273.6%
	(7) Selected Reserve to Incurred Ratio	273.6%
	(8) Adjustment for Claims Made Coverage	80.0%
	(9) Adjusted Reserve to Incurred Ratio	218.9%

Notes:

Figures are from Company 2006 Insurance Expense Exhibit

OneBeacon Insurance Group
Managed Care E&O

Source Notes for Exhibit R2.1 (Continued)
(\$000)

Line E

Investment Category	2006 Investment Income Earned	Tax Rate	After-Tax Portion	2006 After-Tax Investment Income
Taxable Bonds	136,375	35.00%	65.00%	88,644
Non-Taxable Bonds	2,469	5.25%	94.75%	2,339
Preferred Stocks	4,257	35.00%	65.00%	2,767
Common Stocks	20,419	35.00%	65.00%	13,272
Common Stocks in Affiliates	72,400	14.18%	85.83%	62,137
Cash	11,116	35.00%	65.00%	7,225
All Other Investments	4,155	35.00%	65.00%	2,701
Total	251,191			179,086
Total Investment Expense	14,142	35.00%	65.00%	9,193
Net Investment Income Earned	237,048			169,893
Invested Assets as of 12/31/2005				4,514,247
2006 Annual Statement, Page 2, Line 10, Column 4				
Invested Assets as of 12/31/2006				4,723,407
2006 Annual Statement, Page 2, Line 10, Column 3				
Average Invested Assets				4,618,827

Calendar Year	Beginning Invested Assets	Ending Invested Assets	Average Invested Assets	Net Realized Capital Gains	Net Realized Capital Gains Ratio
2003	8,515,281	7,545,098	8,030,189	126,734	1.6%
2004	7,545,098	4,863,994	6,204,546	295,771	4.8%
2005	4,863,994	4,514,247	4,689,121	88,505	1.9%
2006	4,514,247	4,723,407	4,618,827	145,919	3.2%
Total	25,438,620	21,646,747	23,542,684	656,930	2.8%
Tax Rate on Realized Capital Gains					35.0%
After-Tax Realized Capital Gains					1.8%
After-Tax Rate of Return					3.7%
After-Tax Total Rate of Return					5.5%

Notes:

Figures are from Company 2006 Annual Statement

OneBeacon Insurance Group
Managed Care E&O

Premium to Surplus Ratio
(\$000)

	Calendar Year 2005	Calendar Year 2006
(1) Beginning Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 2	1,658,754	1,675,873
(2) Ending Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 1	1,675,873	2,013,732
(3) Average Surplus Level = [(1)+(2)]/2	1,667,314	1,844,803
(4) Net Written Premiums IEE, Part II, Line 34, Column 1	2,003,314	1,880,758
(5) Net Premium to Surplus Ratio = (4) / (3)	1.20	1.02
(6) Selected Premium to Surplus Ratio		1.10

Notes:

Premium and Surplus figures from Company 2006 and 2005 Annual Statements

OneBeacon Insurance Group
Managed Care E&O

Derivation of After-Tax Target Rate of Return of Statutory Surplus
(\$000)

After Tax Rate of Return on Net Worth

	(1)	(2)	(3) =[(1)+(2)]/2
Year	Property/ Casualty	Industry Total	Average
1995	8.8%	14.0%	11.4%
1996	9.0%	14.1%	11.6%
1997	11.4%	13.9%	12.7%
1998	9.2%	13.4%	11.3%
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
2004	8.1%	13.9%	11.0%
1995-2004	7.0%	13.2%	10.1%
Avg x-2001/2	8.5%	14.0%	11.2%

(4)	Selected After-Tax Return on GAAP Equity	11.2%
(5)	2006 Statutory Surplus	2,013,732
(6)	2006 Net Unearned Premium Reserve	860,737
(7)	GAAP Equity in Unearned Premium Reserve	141,109
(8)	2006 GAAP Equity = (5) + (7)	2,154,841
(9)	GAAP to Statutory Adjustment Factor = (8) / (5)	1.07
(10)	Target After-Tax Return on Stat. Surplus = (4) x (9)	12.0%

Notes:

(1), (2) from 2004 NAIC Profitability Analysis

(4) excludes 2001 and 2002 because September 11th cause them to be an outliers.

(5) from Company 2006 Annual Statement, Page 3, Line 35, Column 1

(6) from Company 2006 Insurance Expense Exhibit, Line 34, Column 19

(7) = (6) x (Company Total Commissions) / (Company Total Written Premium)

OneBeacon Insurance Group
Managed Care E&O

Projected Expense Ratios

	Company						3 Year Average	Industry 3 yr Avg	Selected
	2004		2005		2006				
Direct Basis	(\$000)	%	(\$000)	%	(\$000)	%	%		%
Premiums Written	130,821		147,341		173,251				
Premiums Earned	112,049		131,392		161,329				
Commission	18,553	14.2%	21,562	14.6%	24,088	13.9%	14.2%	13.1%	11.0%
Other Acquisition	16,147	14.4%	13,282	10.1%	11,849	7.3%	10.6%	4.2%	8.0%
General Expenses	11,222	10.0%	9,487	7.2%	24,598	15.2%	10.8%	4.4%	6.0%
Taxes, Licenses, Fees	2,926	2.2%	2,508	1.7%	5,896	3.4%	2.4%	1.8%	2.4%
Total Expenses		40.8%		33.7%		39.9%	38.1%	23.5%	27.4%
Profit Load									-6.1%
Total Expenses & Profit									21.3%
Permissible Loss & LAE Ratio									78.7%

Notes:

Expense figures are from Company 2004, 2005 and 2006 Insurance Expense Exhibits, Line 17 - Other Liability.

Commissions and Taxes shown as a percent of written premium.

Other Acquisition & General Expense shown as a percent of earned premium.

Support for the selected profit provision is included in Exhibit R1.

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Rate and Rule	Rating Rule Page	06-21-2007	CW OBIC - A Rate Manual Page.pdf

Managed Care Errors and Omissions
ONEBEACON INSURANCE COMPANY

Rating Rule Page

The rates for this program will be promulgated on an "A" rate basis.